



# The Real Estate ANALYST

OCTOBER 21  
1955

## APPRAISAL BULLETIN

Volume XXIV

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Number 46

*Real Estate Economists, Appraisers and Counselors*

### DECENTRALIZATION IN RETAIL TRADE

A great deal of concern is being expressed nowadays over the problem of decentralization. The drift of residential use away from the built-up sections of the city to the suburbs has been a continuous phenomenon, proceeding as rapidly as improvements in transportation would allow. The movement of commercial use, on the other hand, to the outlying districts is, for the most part, a post-World War II development. While each merchant's pocket-book tells him the decentralization story, it would be of considerable value to appraisers, mortgage lenders, investors and others to know how great the flight of the retail dollar to the suburbs has been. Precious little concrete data is available as to just what is happening.

Some light should be thrown on this problem by the 1954 Census of Business now being compiled by the Bureau of the Census. It is its announced intention to present for the first time a breakdown of sales information comparing the central business district with the remainder of the metropolitan area for a number of the standard metropolitan districts. Dallas, Texas, as a pilot city, was surveyed in this fashion in 1953. The statistics resulting from this survey make interesting reading and provide an insight into the matter of commercial decentralization.

A summary table has been prepared giving the pertinent facts on the Dallas survey. This table as printed on the following page compares the information for the dollar volume of sales and number of stores for 11 basic retail groupings. In all but two of these groupings figures are shown for 1948 as well as for 1953. The comparison of these two years provides a rather accurate analysis of what has taken place during the postwar real estate boom.

Perhaps the greatest value of this material lies in an analysis of the dollar volume figures. Retail sales in 1948 in the Dallas Metropolitan Area (Dallas County) amounted to approximately \$650 million. This had jumped 43% by 1953, when the gross volume of all retail sales was indicated to be \$925 million. However, sales in the downtown district in this same period increased by only 1%, while total sales outside the downtown district had increased 57%. This means that where formerly 26.2% of the gross retail volume done by all retail stores in the Dallas area was handled in the downtown district, by 1953 only 18.4% of these expenditures were being made "downtown."

## RETAIL TRADE IN DALLAS, TEXAS

**THE DOWNTOWN DISTRICT COMPARED WITH ENTIRE METROPOLITAN AREA IN 1948 AND 1953**

	Sales - Thousands of Dollars						Average Sales per Store		
	Dallas County		Outside County		Downtown dist.		Dallas	Dallas	Outside
	Downtown dist.	Outside	Downtown dist.	Outside	Downtown dist.	Outside	Sales as % of metropolitan area total	Downtown dist.	downtown dist.
Retail stores, total	5,946	584	5,362	6,521	3648,633	3169,638	\$478,995	26.2	\$109,000
1948	5,946	585	5,362	6,522	924,943	170,585	754,358	18.4	\$290,000
1953	7,106	"	6,521	+22	+43	+1	+57	+18	115,700
% change	+20							+1	+30
Food group	1,308	23	1,285	1,318	124,084	1,712	122,352	1.4	94,900
1948	1,328	10	1,282	+2	187,352	915	186,437	0.5	141,100
% change	-57	+3	+51	-51	-47		+52	+49	141,500
Eating and drinking places	177		1,271		47,779	11,129	36,650	23.3	33,000
1948	1,448		1,271		69,136	12,037	56,479	18.3	52,900
1953	1,700	201	1,508	+14	+46	+14	+54	+23	40,600
% change	+18	+14							+30
Department stores	10	6	4		112,843	74,780	35,661	68.2	12,463,000
1948	11	6	5	+35	-	+3	-	-	12,830,000
% change	+10	0						+3	-
Dry goods, general mds., stores	76	4	72		13,997	496	-	-	7,172,000
1948	107	5	102	+5	-	-32	-	-	-
% change	+31	+5	+52	+52					
Variety stores	123	5	118		11,800	6,688	5,162	56.5	98,400
1948	119	5	114	-3	13,945	6,627	7,318	47.5	117,200
% change	-3	0	-3	-3	+18	-1	+42	+22	1,395,400
Apparel group	337		202		49,462	39,475	9,987	78.8	146,800
1948	440	127	313	+55	62,909	37,604	25,005	60.1	142,300
% change	+31	-6	+55	+55	+27	-5	+150	-3	78,900
Furniture, furnishings, appliance grp.	305	22	283		31,110	7,886	23,224	102,000	358,500
1948	391	31	360	+28	41,110	7,551	33,559	105,100	82,100
% change	+28	+1	+27	+41	+27	+32	+45	+3	93,200
Lumber, building, hardware grp.	260	8	252		47,254	1,200	46,054	2.5	181,700
1948	378	13	365	+45	64,217	1,718	62,459	2.7	169,900
% change	+45	+63	+45	+45	+38	+3	+36	-6	112,200
Drug and proprietary stores	221	19	202		35,908	4,569	19,339	108,100	240,500
1948	250	20	230	+13	+14	+14	+45	+28	95,700
% change	+13	+5	+14	+14					
Liquor stores	298	44	254		19,507	4,280	15,217	32.0	65,500
1948	280	28	252	-6	-1	-23	+46	+55	97,500
% change	-6	-36	-36	-36				+21	101,500
Jewelry stores	64	30	34		9,329	8,187	1,142	87.8	185,800
1948	64	30	54	+59	10,661	8,476	2,185	+4	282,500
% change	+31	0					+91	+13	40,500

\*Less than 0.5%.

It is rather surprising to note that the average sales volume per store in the downtown district remained approximately the same in 1953 as it was in 1948. As might be expected, per-store sales outside the downtown district jumped during this period by 30%. It is impossible to determine from the Census whether the average increased sales volume per store outside the central business district resulted from an increased volume by established merchants or was a result of the appearance on the scene of a number of new, high-volume units. Either way the growth has obviously bypassed the downtown district.

Studying the data on the total number of stores indicates that the downtown district remained virtually unchanged during the 5-year period from 1948 to 1953, while there was a 22% growth in retail outlets outside the downtown district. Of interest is the tremendous growth in the number of dry goods and general merchandise stores outside the downtown district, an increase of 42%. Apparel and jewelry stores outside the downtown district increased by 55% and 59%, respectively. The growth in lumber and furniture stores, on the other hand, is to be expected in view of the postwar building boom and has undoubtedly been experienced by most cities. It is the shops in these categories that at one time would have been found almost exclusively in the central business district.

It is unfortunate that dollar volume figures are not shown for department store sales outside the downtown district for the year 1948. The multifloored department store, now considered by many to be old-fashioned, constitutes the last buttress of the central business district. The big-store atmosphere and greater selection of merchandise still influence many housewives to buck the traffic and parking problems in order to shop "downtown."

According to the Federal Reserve Bank of Dallas, department store sales in the city of Dallas increased 12% from 1948 to 1953. Working from this base, the indicated increase in sales of department stores outside the central business district from 1948 to 1953 would be 38%. This is a somewhat lower figure than might have been expected in the light of the growth in the jewelry and apparel categories.

Of greater interest perhaps is the fact that, on the basis of these figures, the downtown department stores now garner 68% of the area's department store sales, whereas in 1948 they enjoyed 75% of this trade. From this it appears that the downtown department store group suffered only a 10% loss in position as compared with a 30% drop in the share of total area business handled by all downtown retailers. Should this prove to be a typical situation, it would indicate that the department stores haven't as great a need for branch outlets as some of those merchants handling more specialized lines.

There will no doubt be some question in the reader's mind as to how applicable this information is to cities other than Dallas, Texas. Until data covering the 1954 retail trade census is made available, it is, of course, impossible to state whether or not this situation prevails elsewhere. It is worthwhile to point out

that the 1948 sales-per-store average for all retail stores in the categories shown in the Dallas Metropolitan Area is very close to that of all cities in this population group (250,000 to 500,000). Per-store sales in Dallas in 1948 amounted to \$109,000, as compared with an average of \$110,800 for all cities in this population class. At the time of the 1948 census, Dallas ranked 24th among the 147 standard metropolitan areas defined at that time, and 21st in total retail sales, placing it 6th in the amount of per-capita sales. This would appear to substantiate some of the fabulous things we have been hearing about the great State of Texas, and indicate, too, that perhaps Dallas is not what might be described as the "typical" city.

To date, however, this is the only information of its type available and it should prove of some value, particularly in the field of store location analysis. In making store location studies, our organization has expended a great deal of research in the field of estimating the potential purchasing power for various types of merchandise by trade areas. This information is, of course, invaluable in constructing the probable specific sales volume of a prospective outlet. Heretofore, however, it has been difficult to determine what portion of the potential purchasing power for a given type of merchandise can be expected to go to the downtown district, in spite of the existence of more accessible competing sub-center developments. The information contained in this survey goes a long way toward answering this question.

As soon as the results of the 1954 retail trade census are released, we will publish similar analyses on all of those cities for which this information is made available.